



Wisconsin Medical Society

Your Doctor. Your Health.

TO: Senate Committee on Public Health, Human Services, and Revenue
Senator Pam Galloway, Chair

FROM: Mark Grapentine, JD
Senior Vice President - Government Relations

DATE: January 19, 2012

RE: Support for Senate Bill 297

On behalf of more than 12,000 members statewide, the Wisconsin Medical Society thanks the committee for this opportunity to share our support for Senate Bill 297, which eliminates the tax on ambulatory surgical centers (ASCs).

The Society's membership often discusses how government funds the state's Medicaid program – the Society strongly believes that our state's Medicaid program should be paid for with adequate, stable funding. Elected officials' decisions on how to fund Medicaid each biennium – including the illegal \$200 million raid on the Injured Patients and Families Compensation Fund in 2007 – has prompted numerous robust Medicaid funding debates at the Society's annual House of Delegates meetings. As elected officials have attempted various ways to fund Medicaid, the Society has endorsed the following policies:

MRC-041

Hospital Tax: The Wisconsin Medical Society believes that taxing the sick is poor public policy, and there are other ways in which health care should be financed that are more equitable. (HOD, 0410)

MRC-042

Health Care Provider Taxes:

The Wisconsin Medical Society will oppose all taxes levied specifically on physicians and non-physician clinicians. (HOD, 0411)

The ASC tax, created as part of the state's 2009-11 biennial budget, seems to run counter to these policies, which hold the underlying principle that the funding of the state's health care programs for our sickest and poorest citizens is a universal responsibility to be borne by all of Wisconsin – not select industries, entities or professions.

A recent Legislative Fiscal Bureau memo on the ASC tax also reveals the disparate “winners and losers” nature of such a targeted tax scheme, where some ASCs end up paying more in new taxes than what they gain in increased MA reimbursement: of the 58 ASCs paying the tax in 2009-10, just 25 were “winners” while 33 were “losers.” If the original reasoning for the assessment was that a majority of ASCs would benefit from the tax, evidence shows otherwise. We support the repeal of this tax.

Thank you for this opportunity to share the Society's policy on this issue. If you have further questions, please feel free to contact the Society at any time.



Wisconsin State Senator
PAM GALLOWAY

Senate District 29

Testimony on Senate Bills 297
Senate Committee on Public Health, Human Services and
Revenue
January 19, 2012

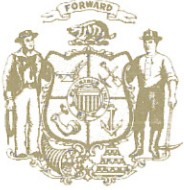
Madame Chairwoman and members of the committee, thank you for taking the time to hear Senate Bill 297 today.

Senate Bill 297 seeks to sunset an assessment placed on ambulatory surgery centers. The bill would take effect on July 1, 2013, so there is no impact on the current budget.

The ambulatory surgery center assessment was created in the 2009-2011 biennial budget. It authorizes the Department of Revenue to assess ambulatory surgery centers up to 5.5 percent of their annual gross patient revenue. The assessment is used to collect federal matching funds. The combined amount (assessment plus match) returned to the state supports the budget and provides enhanced Medicaid reimbursement.

These surgery centers contribute to the state's economy through taxes and employment. Clearly this assessment is not a fair tax policy. Not all of the centers have an equal opportunity to benefit from the proposed enhanced Medicaid reimbursement. There are centers providing high volumes of Medicare services to our vulnerable populations. Coupling high margins with the assessment and reimbursement can make the difference between keeping the business open or closing up.

I know there are people here today who will tell you more about these surgery centers and how they are delivering affordable care to patients and payers. As a growing health care delivery mechanism in the State of Wisconsin, ambulatory surgery centers are able to provide quality care, efficiency and cost savings to health care consumers. Many surgery centers believe the assessment placed on them has become an obstacle to the success of their business practice, and this hurts consumers. Repealing this



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assessment will go a long way to keeping these centers sustained and strengthening patient access to them.

I want to thank all of you for your time and consideration. I am happy to take any questions you might have.

TO: Senate Public Health, Human Services and Revenue Committee

FROM: UW HEALTH, Bob Flannery & Lisa Maroney 265-1653

DATE: January 19, 2012

RE: SUPPORT SB 297, AMBULATORY SURGERY CENTERS

Chairperson Galloway, and members of the Committee, thank you for the opportunity to testify in support of Senate Bill 297. I am the Vice President of Finance, and CFO, for the UW Medical Foundation.

UW Health consists of the UW School of Medicine and Public Health, UW Hospital and Clinics and the UW Medical Foundation. We are the largest physician group in the state. We operate jointly two ambulatory surgery centers; Madison Surgery Center is equally owned by the UW Medical Foundation, UW Hospital and Clinics and Meriter Hospital, and provides a complete portfolio of day surgeries. Transformations is jointly owned by UW Medical Foundation and Meriter Hospital, and offers reconstructive, and cosmetic, surgery.

The assessment began on July 1, 2009 and both of our ASCs have been net losers; the assessment has exceeded the amount received by \$1.2 million. In fact, Transformations operated at a loss over 2010, and 2011, because of the assessment.

To date we have paid a total of nearly \$2.8 million under this assessment, and received \$1.6 million, creating the \$1.2 million deficit referenced earlier. What makes this assessment different from the hospital assessment is that the hospitals worked closely on the mechanics of the assessment formula and in fact, nearly all of the hospitals supported it, including the Wisconsin Hospital Association. The ASC assessment was included in the state budget with very little discussion and awareness about its impact.

Loss of margin for our ASCs means fewer resources to put towards staffing needs, capital improvement and equipment purchases.

Again, thank you for the opportunity to appear before you today and we would be happy to answer any questions.